

CWC Open Book



Understand, reduce costs and increase margins

CWC Open Book provides a detailed understanding of cost and other aspects of performance and sets targets for improvement from project to project.

The most powerful message from CWC clients is that really successful collaboration started when they understood the underlying cost base of their contractors and main suppliers. Only then could they begin negotiating cost reductions, but on the basis of attacking suppliers' costs and not by reducing margins. CWC Open Book is a cost management system developed through research and proven with over 50 clients. We establish true cost transparency between clients and their contractors and suppliers and generate major savings through the elimination of unnecessary cost.

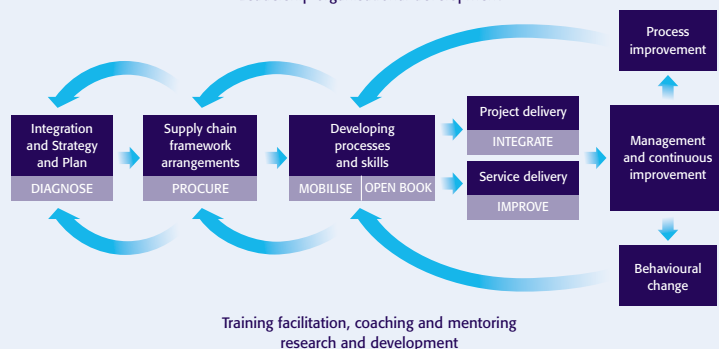
The Tools and Techniques:

CWC Open Book trains teams to operate robust open book cost management processes. Our support ranges from training through to providing the whole cost management service including:

- Open book reviews to understand contractors and existing suppliers cost base and reporting systems
- Establishing open book cost management processes
- Training in roles and responsibilities under a collaborative contract
- Ongoing cost management support:
 - Target cost setting
 - Open book reviews
 - Incentive systems
- Development of best practice user manuals.

CWC Products and Services

Leadership organisational development



CWC Open Book – Tools and Techniques

- | | |
|--|--|
| <ul style="list-style-type: none"> • Target costing • Risk management • Incentivisation implementation • Value planning • Cost control and reporting systems • Open book reviews • Cost database • Innovation and savings registers • Integration of supply chain | <ul style="list-style-type: none"> • Value Management • Value Engineering • Budget and management • Cost benchmarking • Options appraisal • Life cycle costs • Asset management • Cost planning • Financial reporting |
|--|--|

How CWC Open Book works:

We apply CWC Open Book to all forms of collaborative contracts. We develop incentive models and work with project teams to establish reporting systems and controls, set target costs, and evaluate risk. Once CWC Open Book has developed a common understanding of costs, the project teams work together to identify opportunities for efficiency savings.

We link KPIs such as user satisfaction, quality and delivery on time to the incentive models to ensure all critical areas of performance are improved. Performance data is collected and stored in a shared database and underpins ongoing continuous improvement activity.

“Our first completed scheme has indeed delivered success. We finished one week early with no defects and the predicted final out turn costs delivered a saving of approximately 15 per cent against final target price.”

Karen Seager – Civil Engineering
Client & Quality Manager – Coventry City Council

“By adopting the CWC model of collaborative working and Open Book Management with the supply chain, we have reduced our costs by 25 per cent on our £50m programme of improvement.”

Tim Price – Chief Executive, Hillingdon Homes Ltd

The CWC open book review thoroughly interrogates contractors and suppliers costs and accounting systems and gives clients confidence that cost reports are real.

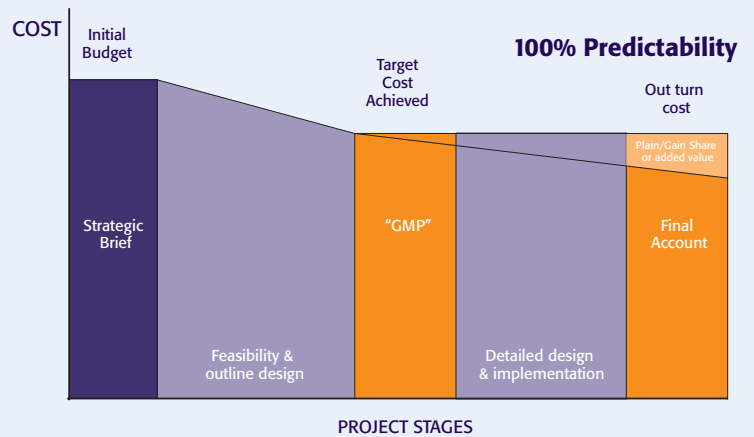
We develop contractors’ and suppliers’ confidence and trust by agreeing sensible margins. The approach removes emotion and allows teams to interrogate true costs, not only at tier one level, but also throughout the supply chain.

The benefits it brings:

We drive efficiency savings from tendered rates. CWC Open Book delivers savings in the region of:

Open Book management of live contracts	
Preliminaries	5% - 20%
Specification and cost of works	4% - 35%
Risk	10% - 40%
Reduced client management support through reduced tendering, ongoing management	5% - 30%
Structured approach to Process Improvement	5% - 50%.

Collaborative Cost Control: Target Cost Model



About CWC:

Our professional skills include experience preparing and training teams to work with all collaborative contracts including NEC, PPC and the JCT collaborative contracts performance incentive mechanisms. Our team of cost consultants has gained many years experience setting up and delivering open book cost management systems. We have through, research and practical experience, developed our suite of collaborative cost setting and control tools and training programmes and successfully worked with over 50 clients from the public and private sector. Our capacity can be increased through alliances with selected companies and committed associates. We continue to stay at the forefront of industry practice by running, on behalf of Constructing Excellence, industry working groups on procurement and cost management.

© Constructing Excellence. Requests to reproduce any part of this document should be sent to Constructing Excellence. Published: August 2007.